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الرقم : 33/6 / ٢٠١٨
التاريخ: ٣١ / ٧ / 2018

السادة هيئة الأوراق المالية المحترمين

الموضوع: البيانات المالية للثلاثة أشهر
المنتهية في 2018 / 6/30

تحية طيبة وبعد ،

نرفق لكم طياً بيانات شركة لافارج الإسمنت الأردنية المالية الموحدة والمراجعة للفترة الستة أشهر
المنتهية في 2018/06/30. باللغتين العربية والانجليزية .

واقبلوا الاحترام ،،،

نائب الرئيس التنفيذي للشؤون المالية
لافارج الأردن



JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
SIX-MONTH PERIOD ENDED JUNE 30, 2018
TOGETHER WITH THE REVIEW REPORT

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1-2
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Income	4
Condensed Consolidated Interim Statement of Comprehensive Income	5
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8 - 19

Review Report

AM/ 81698

**To the Chairman and Members of the Board of Directors
Jordan Cement Factories Company
(A Public Shareholding Limited Company)
Amman - Jordan**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Cement Factories Company (a Public Shareholding Limited Company) as of June 30, 2018 and the related condensed consolidated interim statements of income and comprehensive income, changes in owners' equity and cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard No. (34) Related to interim financial reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Company. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) relating to interim financial reporting.

Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Notes (15 & 17) to the accompanying condensed consolidated interim financial statements, which illustrates that the Company reported gross (loss) from its sales by around JD 9 million to reach a net loss of around JD 21.6 million for the period ended June 30, 2018. In addition, the Company has accumulated losses including the current period's losses reached to around JD 45 million as of June 30, 2018, which represents 74.5% of the Company's paid up capital as of that date. Moreover, the Company suffers from a deficit in its working capital by around JD 34.4 million (JD 22,3 million for the year 2017). These matters cast a significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern as of June 30, 2018 heavily depends on the successful execution of the Company's plan, Obtaining the proper governmental and competent authorities' approvals on rezoning their land in Fuhais, selling it, and on the success of the export operations, in addition, the Company's board of directors recommended an extraordinary general assembly meeting to write off the accumulated losses as of June 30, 2018 and/or increasing the Company's capital by around JD 40 million as stated in Note (17).

Explanatory Paragraph

The Company's fiscal year ends on December 31 of each year however, the accompanying condensed consolidated interim financial statements have been prepared for the management and for the Jordan Securities Commission use only.

Amman -- Jordan
July 30, 2018

Deloitte & Touche (M.E.)
Deloitte & Touche (M.E.) -- Jordan
ديلويت أند توش (الشرق الأوسط)
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JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN – JORDAN)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2018 (Reviewed not Audited) JD	December 31, 2017 JD
ASSETS			
Current Assets			
Cash on hand and at banks	4	9,477,632	14,944,836
Accounts receivable		22,893,400	28,895,813
Inventory and spare parts		30,045,256	32,276,408
Other debit balances		3,857,199	2,493,967
Total Current Assets		66,273,487	78,611,024
Non-current Assets			
Property and equipment	5	75,349,564	77,754,557
Financial assets at fair value through other comprehensive income	19	177,486	176,695
Goodwill		2,495,945	2,495,945
Employees' housing and car loans		1,153,196	1,449,997
Deferred tax assets		22,226,492	22,226,492
Restricted bank balances	6	-	1,651,131
Total Non-Current Assets		101,402,683	105,754,817
TOTAL ASSETS		167,676,170	184,365,841
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Due to banks	8	28,711,698	21,758,202
Short-term accounts payable		48,775,797	57,656,116
Other credit balances		14,801,713	15,634,642
Current portion of long-term loans	9	8,000,000	5,000,000
Income tax provision	7/a	407,840	858,689
Total Current Liabilities		100,697,048	100,907,649
Non-current Liabilities			
Obligations for employees' post-retirement insurance benefits		26,872,715	26,295,000
Long-term loans	9	19,500,000	13,250,000
Total Non-current Liabilities		46,372,715	39,545,000
Total Liabilities		147,069,763	140,452,649
Owners' Equity			
Paid-up capital	10	60,444,460	60,444,460
Treasury stock	10	(323)	(323)
Statutory reserve	10	-	27,000,000
Fair value reserve		(60,074)	(60,865)
Accumulated (losses)	17	(23,169,650)	(49,773,188)
(Loss) for the period	17	(21,868,365)	-
Net Shareholders' Equity		15,346,048	37,610,084
Non-controlling interest		5,260,359	6,303,108
Net Owners' Equity		20,606,407	43,913,192
TOTAL LIABILITIES AND OWNERS' EQUITY		167,676,170	184,365,841

Chief Executive Officer

Chief Financial Officer

THE ACCOMPANYING NOTES FROM (1) TO (19) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
		2018	2017	2018	2017
		JD	JD	JD	JD
Sales		12,992,650	17,915,065	30,822,900	38,714,467
Cost of sales		(15,730,105)	(14,962,543)	(39,770,499)	(35,932,478)
Gross (Loss) Income		(2,737,455)	(2,952,522)	(8,947,599)	2,781,989
Selling and marketing expenses		(565,311)	(354,892)	(1,067,529)	(725,820)
General and administrative expenses		(2,065,325)	(2,176,378)	(4,431,052)	(4,634,726)
Other expenses		(9,394)	(14,019)	(10,428)	(36,547)
Operating (Loss) Profit		(5,377,485)	407,233	(14,456,608)	(2,615,104)
Interest income		28,086	16,822	44,584	32,880
Provision for rehabilitation of quarries and environment protection		(8,400)	(17,190)	(16,800)	(34,380)
Provision for employees' vacation		42,175	(13,132)	(118,839)	(102,938)
Financing costs		(1,421,570)	(856,497)	(2,684,393)	(1,693,443)
Lawsuits provision		(2,133,950)	(2,081,822)	(4,666,076)	(3,811,374)
Foreign currency revaluation (loss)	5	628,664	(451,754)	366,098	(690,979)
Gain on sale of property and equipment		190,246	1,208,629	219,305	1,338,976
Other income		27,816	10,456	47,873	68,728
(Loss) for the Period before Income Tax		(8,024,418)	(1,777,255)	(21,264,856)	(7,507,634)
Income tax expense	7/b	(181,437)	(260,749)	(314,486)	(402,582)
(Loss) for the Period		(8,205,855)	(2,038,004)	(21,579,342)	(7,910,216)
Attributable to:					
Company shareholders		(8,323,254)	(2,335,384)	(21,868,365)	(8,440,705)
Non-controlling interest		117,399	297,380	289,023	530,489
		(8,205,855)	(2,038,004)	(21,579,342)	(7,910,216)
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Shareholders' Basic and Diluted (Loss) per Share for the Period	16	(0.138)	(0.04)	(0.362)	(0.14)

Chief Executive Officer

Chief Financial Officer

THE ACCOMPANYING NOTES FROM (1) TO (19) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
Note	2018	2017	2018	2017
	JD	JD	JD	JD
(Loss) for the period	(8,205,855)	(2,038,004)	(21,579,342)	(7,910,216)
Add: Other Comprehensive Income items				
Add: Other comprehensive income items that will not be reclassified to the income statement in subsequent periods:				
Net profit (loss) from financial assets at fair value through other comprehensive income	5,537	(3,482)	791	(3,482)
Total comprehensive income items that will not be reclassified in subsequent periods to the consolidated statement of income after tax	(8,200,318)	(2,041,486)	(21,578,551)	(7,913,698)
Total Comprehensive (Loss) Attributable to:				
The Company's shareholders	(8,317,717)	(2,338,866)	(21,867,574)	(8,444,187)
Non-controllers' interest	117,399	297,380	289,023	530,489
	(8,200,318)	(2,041,486)	(21,578,551)	(7,913,698)

THE ACCOMPANYING NOTES FROM (1) TO (19) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

Description	Note	Issued and Paid up Capital	Treasury Stock	Statutory Reserve	Voluntary Reserve	Fair value Reserve	Accumulated (Losses)**	(Loss) for the Period	Total Shareholders' Equity	Non-Controlling Interest	Total Owners' Equity
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Six-Month Period Ended June 30, 2018											
Balance as of January 1, 2018		60,444,460	(323)	27,000,000	-	(60,865)	(49,773,188)	-	37,610,084	6,303,108	43,913,192
IFRS 9 adoption impact	18	-	-	-	-	-	(396,462)	-	(396,462)	(204,772)	(601,234)
Adjusted balance		60,444,460	(323)	27,000,000	-	(60,865)	(50,169,650)	-	37,213,622	6,098,336	43,311,958
(Loss) for the period		-	-	-	-	-	-	(21,868,365)	(21,868,365)	289,023	(21,579,342)
Change in fair value reserve		-	-	-	-	791	-	-	791	-	791
Total Comprehensive (Loss) for the Period		-	-	-	-	791	-	(21,868,365)	(21,867,574)	289,023	(21,578,551)
Distributed dividends *		-	-	-	-	-	-	-	-	(1,127,000)	(1,127,000)
Impairment losses from statutory reserve	10	-	-	(27,000,000)	-	-	27,000,000	-	-	-	-
Balance as of June 30, 2018		60,444,460	(323)	-	-	(60,074)	(23,169,650)	(21,868,365)	15,346,048	5,260,359	20,606,407
For the Six-Month Period Ended June 30, 2017											
Balance as of January 1, 2017		60,444,460	(323)	27,000,000	12,399,640	(49,473)	(26,427,257)	-	73,367,047	7,746,999	81,114,046
(Loss) for the period		-	-	-	-	-	-	(8,440,705)	(8,440,705)	530,489	(7,910,216)
Change in fair value reserve		-	-	-	-	(3,482)	-	-	(3,482)	-	(3,482)
Total Comprehensive (Loss) for the Period		-	-	-	-	(3,482)	-	(8,440,705)	(8,444,187)	530,489	(7,913,698)
Balance as of June 30, 2017		60,444,460	(323)	27,000,000	12,399,640	(52,955)	(26,427,257)	(8,440,705)	64,922,860	8,277,488	73,200,348

* The General Assembly of the subsidiary company approved in its meeting held on June 25, 2018 the company's Board of Directors recommendation to distribute cash dividends for the year 2017 in an amount of JD 2.3 million, noting that the non-controlling interest share is JD 1,127 million (JD 2,597 million 2016).

** Accumulated losses include an amount of JD 22,226,492 as of June 30, 2018 and December 31, 2017 representing restricted deferred tax assets as per the instructions of the Jordan Securities Commission.

THE ACCOMPANYING NOTES FROM (1) TO (19) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN CEMENT FACTORIES COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Six-Month Period Ended June 30,	
		2018 JD	2017 JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) for the period before income tax		(21,264,856)	(7,507,634)
Adjustments for:			
Depreciation		2,882,178	3,584,554
(Gain) on sale of property and equipment	5	(219,305)	(1,338,976)
Provision for doubtful debt		851,353	112,515
Provision for inventory and slow moving spare parts		25,002	49,998
Obligations for employees' post-retirement health insurance benefits		1,160,461	1,119,771
Lawsuits provision		4,666,076	3,811,374
Interest (income)		(44,584)	(32,880)
Financing costs		2,684,393	1,693,443
Cash Flows (used in) from Operating Activities before Changes in Working Capital		(9,259,282)	1,492,165
Decrease (Increase) in accounts receivable, other debit balances and housing and car loans		3,664,547	(2,693,564)
Decrease in inventory and spare parts		2,206,150	998,020
Decrease in restricted bank balances		1,651,131	-
(Decrease) in trade payables and other credit balances		(9,901,504)	(1,171,801)
Net Cash Flows (used in) Operating Activities before Income and Provisions paid		(11,638,958)	(1,375,180)
Postretirement health insurance benefits paid		(582,746)	(622,893)
Lawsuits payments		(4,658,972)	(3,811,374)
Income tax paid	7	(765,335)	(1,259,361)
Net Cash Flows (used in) Operating Activities		(17,646,011)	(7,068,808)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment		(257,880)	301,706
Interest received		44,584	32,880
Net Cash Flows (used in) from Investing Activities		(213,296)	334,586
CASH FLOWS FROM FINANCING ACTIVITIES:			
Long term loans paid	9	(750,000)	(500,000)
Increase in loans	9	10,000,000	-
Interest paid		(2,684,393)	(1,693,443)
Dividends distributed by subsidiary companies to non-controlling interest		(1,127,000)	-
Increase (decrease) in due to banks		6,953,496	6,482,782
Net Cash Flows from Financing Activities		12,392,103	4,289,339
Net (Decrease) in Cash at Banks		(5,467,204)	(2,444,883)
Cash at Banks – beginning of the period		14,944,836	5,418,284
Cash at Banks – End of the Period	4	9,477,632	2,973,401

The accompanying notes from (1) to (19) constitute an integral part of these condensed consolidated interim financial statements and should be read with them and with the accompanying review report.

JORDAN CEMENT FACTORIES COMPANY
(A PRIVATE SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

1. General

- a. Jordan Cement Factories Company (subsequently herein referred to as "the Company") was established in 1951 as a Jordanian public shareholding limited Company and was registered at the Ministry of Industry and Trade under Number (25) on June 10, 1964. The Company's authorized and issued capital was increased gradually to become JD 60,444,460 represented by 60,444,460 shares at a par value of one Jordanian Dinar per share. The Company's permanent address is Al-Fuhais, Shaker Circle, P.O. Box 930019, Amman – The Hashemite Kingdom of Jordan.

The Company's main objectives are the production, manufacturing, and the trading of the cement inside the Hashemite Kingdom of Jordan and outside it, either directly or through intermediaries with conditions and methods that the Company sees fit.

- b. The Company is 50.275% owned by LafargeHolcim – France (Parent Company).
- c. The Company's Board of Directors approved the condensed consolidated interim financial statements on July 24, 2018.

2. Basis of Preparation

A. Basis of preparation of the Condensed Consolidated Interim Financial Statements

The accompanying condensed consolidated interim financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standard (IAS) 34 relating to Interim Financial Reporting.

The condensed consolidated interim financial statements are stated in Jordanian Dinar, which represents the functional currency for the Company and its subsidiaries.

The consolidated condensed interim financial statements are prepared on the historical cost basis except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial statements date.

The condensed consolidated interim financial statements do not include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report as of December 31, 2017. Moreover, the results of operations for the six-month period ended June 30, 2018 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2018 and the appropriation of profit for the period as of June 30, 2018 is not made, which is performed at the end of the fiscal year.

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2017 except for the effect of the adoption of the new and revised standards which are applied on or after the 1st of January of 2018 as follow:

- a. **Amendments with no material effect on the condensed consolidated interim financial statements of the company:**

Annual Improvements to IFRS Standards 2014 – 2016 The improvements include the amendments on IFRS 1 and IAS 28 and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share Based Payment

The amendments are related to classification and measurement of share based payment transactions and they are effective for annual periods beginning on or after January 1, 2018.

Amendments to IFRS 4 Insurance Contracts

The amendments relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard and they are effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advanced Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) or on de-recognition of a non-monetary asset or liability arising from advance considerations.

The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to IAS 40 Investment Property

These amendments show when the entity shall transfer (reclass) a property including investments under process or development to, or from, investment property.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 may be adopted retrospectively, by restating comparatives and adjusting retained earnings at the beginning of the earliest comparative period. – Alternatively, IFRS 15 may be adopted as of the application date on January 1, 2018, by adjusting retained earnings at the beginning of the first reporting year (the cumulative effect approach).

Amendments to IFRS 15 Revenue from Contracts with Customers

The amendments are to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments are related to disclosures about the initial application of IFRS 9. The amendments are effective when IFRS (9) is first applied.

IFRS 7 Financial Instruments: Disclosures

The amendments are related to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. The Amendments are effective when IFRS 9 is first applied.

b. Amendments that has impact on the condensed consolidated interim financial statements of the Company

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. And a new version of the new standard includes the requirements of recognition, measurement, impairment and hedge accounting.

The final version of IFRS 9 relating to financial instruments was replaced which relates to the credit loss model incurred in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, replacing a model for expected credit losses. The Standard includes a business model for debt instruments, loans, financial liabilities, financial guarantee contracts, deposits and receivables, but does not apply to equity instruments.

The implementation was applied retrospectively in compliance with the IFRS (9) furthermore, the Company didn't adjust the comparative figures. The effect of this implementation was recognised in January 1st, 2018 through retained earnings in the statement of changes in equity.

In case there is a low credit risk to the financial asset at the date of initial application of IFRS (9), the credit risk relating to the financial asset is considered to have not been changed substantially since its initial recognition.

In accordance with IFRS 9 *Financial Instruments* the expected credit losses are recognized at an early date in accordance with IAS 39.

The revised version of IFRS 9 (2014) (*Financial Instruments*) includes a classification mechanism for financial assets and liabilities. IFRS 9 requires all financial assets to be classified based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

There is no material difference in the classification of financial assets and liabilities arising from the adoption of IFRS 9 for the year 2014.

IFRS 9 Implementation Impact

The impact of implementing the changes in accounting policies to the condensed consolidated interim financial statements of the Company as of January 1st, 2018 is illustrated in Note (18).

B. Basis of Preparation for the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements comprise the interim financial statements of the Company and the following subsidiary companies, after eliminating intercompany transactions and balances:

Company's Name	Paid up Capital	Percentage Ownership	Principal Activity	Place of Work
Arabian Concrete Supply Company *	1,900,000	51%	Manufacturing	Amman

- * Arabian Concrete Supply Company (subsidiary company) incorporated the Arabian Specialized Transportation Company on March 10, 2011, which is wholly owned by the Arabian Concrete Supply Company and both conduct their operations in Jordan.

The subsidiary Company's balances and transactions after the consolidation with its subsidiary company as of June 30, 2018 was as follows:

	June 30, 2018 **			
	Assets	Liabilities	Revenues	Expenses
	JD	JD	JD	JD
Arabian Concrete Supply Company and Arabian Specialized Transportation Company	26,949,834	19,724,453	20,193,886	17,880,012

- ** The financial information represents the consolidated information for the two subsidiaries mentioned above as of June 30, 2018.

Control is achieved when the Company has the ability to influence the operational and the financial policies of the subsidiary companies for the benefit of its operations. Intercompany transactions and balances, and the intercompany revenues and expenses are fully eliminated between the Company and its subsidiary companies.

The results of the subsidiary companies are incorporated into the condensed consolidated interim statement of income from the effective date of acquisition, which is the date on which the Company assumes an actual control over the subsidiary companies. Moreover, the operating results of the disposal subsidiaries are incorporated into the condensed consolidated interim statement of income up to the effective date of disposed, which is the date on which the Company loses control over the subsidiary companies.

The financial statements of the subsidiary companies are prepared for the same fiscal period of the parent Company using the same accounting policies. If the accounting policies adopted by the subsidiary companies are different from those used by the Company, the necessary adjustments to the condensed consolidated financial statements of the subsidiary companies are made to comply with the accounting policies used by the Company.

The non-controlling interest represents the part of the owners' equity of the subsidiaries that is not owned by the Company. The non-controlling interest is shown in subsidiary Company's net assets in a separate line item included within the statement of owners' equity.

3. Accounting Estimates

Preparation of the condensed consolidated interim financial statements and the application of the accounting policies require the Company's management to perform assessments and assumptions that affect the amounts of financial assets and liabilities and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenues, expenses and provisions. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes resulting from the conditions and circumstances of those assessments in the future.

We believe that the critical judgments and estimates that have been made in the condensed consolidated interim financial statements are reasonable and consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2017, except for the applying International Financial Reporting Standard No. (9) and its estimates.

4. Cash on hand and at Banks

This item consists of the following:

	June 30, 2018	December 31, 2017
	JD	JD
Cash on hand	2,800	-
Balances at banks	9,474,832	14,944,836
	<u>9,477,632</u>	<u>14,944,836</u>

5. Property and Equipment

During the six-month period ended June 30, 2018, the Company acquired properties and equipment in an amount of JD 334,114 and disposed of properties and equipment in an amount of JD 1,094,564 which resulted in a net profit of JD 219,305 for the period ended June 30, 2018 (JD 1,338,976 for the period ended June 30, 2017).

6. Restricted Bank Balances

This item represents a restricted balance at Arab Bank as of December 31, 2017 as a result of a lawsuit raised by Al Maysara Al Soudaniyeh Company, in which the Swiss Company Cementia was operating the station owned by the Jordan Cement Factories Company (Boursudan Station). The Swiss company Cementia has reimbursed the Company for this restriction until the case is resolved.

A decision was reached based on the Ministry of Justice Letter No. 965/2018 dated March 7, 2018 for the executive Case No. (965/2018/B) between the convicted Bank of Khartoum and the sentenced Jordanian Cement Factories Company to release any restricted balances and accounts that were previously restricted at the Arab Bank. Accordingly, the Company released the entire restricted balance in an amount of JD 1,651,161 and reclassified it as balances at banks during the six-month period ended June 30, 2018, noting that there is no impact on the condensed consolidated interim income statement for the period ended June 30, 2018.

7. Income Tax

a. Income tax provision:

The movement on the income tax provision is as follows:

	For the Six- Month Period Ended June 30, 2018	For the Year Ended December 31, 2017
	JD	JD
Balance at the beginning of the period/year	858,689	1,352,365
Income tax for the period/year	314,486	896,424
Income tax paid during the period/year	(765,335)	(1,390,100)
Balance at the End of the Period/Year	<u>407,840</u>	<u>858,689</u>

b. Income tax expense:

The income tax expense shown in the condensed consolidated income statement is represented follows:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
Income tax expense during the period	(314,486)	(402,582)
	<u>(314,486)</u>	<u>(402,582)</u>

A final tax settlement has been reached with the Income and Sales Tax Department up to the year 2015 for the parent Company (Jordan Cement Factories Company). The Company filed its income tax returns for the years 2016 and 2017. Moreover, the Income and Sales Tax department is current performing year audit 2016, however, no final decision has been reached

A final tax settlement has been reached with the Income and Sales Tax Department up to the year 2015 for the subsidiary Companies (Arabian Concrete Supply Company and Arabian Specialized Transportation Company). The Company filed its income tax returns for the years 2016 and 2017 and were not reviewed by the tax department.

The income tax provision was recorded for the subsidiary Companies and in the management's opinion, the recorded income tax provision is sufficient to meet any tax commitments as of June 30, 2018.

8. Due to Banks

This item represents utilized credit facilities as of June 30, 2018. The Company has credit facilities from Housing Bank for Trade and Finance with a credit limit of JD 8 Million, Arab Bank with a credit limit of JD 4 Million, Societe Generale Bank with a credit limit of JD 4 Million, Jordan Kuwait Bank with a credit limit of JD 2 Million, ABC Bank with a credit limit of JD 6 Million, and from Bank AL-Etihad with a credit limit of JD 500 thousand, with annual interest rates ranging from 6.75% to 8.75%. The Company guarantees these facilities through signing on the agreements.

9. Loans

This item consists of the following:

	June 30, 2018		December 31, 2017	
	Short Term	Long Term	Short term	Long term
	JD	JD	JD	JD
Arab Bank *	5,000,000	15,000,000	2,500,000	7,500,000
The Housing Bank for Trade and Finance **	1,500,000	3,000,000	1,500,000	3,750,000
Societe Generale Bank – Jordan ***	1,500,000	1,500,000	1,000,000	2,000,000
	<u>8,000,000</u>	<u>19,500,000</u>	<u>5,000,000</u>	<u>13,250,000</u>

* On October 3, 2017, the Company signed a loan agreement with Arab Bank in an amount of JD 20 Million at an interest rate of 7% to be paid on eight equal semi-annual payments of JD 2.5 Million. The first payment is due on October 2, 2018 and the last payment is on April 2, 2022.

** On August 8, 2016, the Company signed a loan agreement with The Housing Bank for Trade and Finance in an amount of JD 6 million at an interest rate of 5.5% to be paid on eight equal semi-annual payments of JD 750,000. The first payment is due on July 1, 2017 and the last payment is on January 1, 2021.

*** On June 13, 2016, the Company signed a loan agreement with Societe Generale Bank in an amount of JD 4 million at an interest rate of 5.5% to be paid on eight equal semi-annual payments of JD 500,000. The first payment is due on June 30, 2017 and the last payment is on December 30, 2020.

The movement on the loans are as follows:

	Beginning Balance of the period	Additions	Payments	Ending Balance of the period
	JD	JD	JD	JD
Arab Bank	10,000,000	10,000,000	-	20,000,000
The Housing Bank for Trade and Finance	5,250,000	-	(750,000)	4,500,000
Societe Generale Bank – Jordan	3,000,000	-	-	3,000,000
	<u>18,250,000</u>	<u>10,000,000</u>	<u>(750,000)</u>	<u>27,500,000</u>

The loans mentioned above are guaranteed by the Company through signing on the agreements.

10. Owners' Equity

This item consists of the following:

- Paid up capital

The authorized and paid up capital of the Company is JD 60,444,460 as of June 30, 2018 and December 31, 2017 divided into 60,444,460 shares at JD one par value per share.

- Treasury stocks

This amount represents the value of the stocks that are owned by the Arabian Concrete Supply Company (Subsidiary Company) in the capital of Jordan Cement Factories Company in the amount of JD 323. These stocks were purchased on 2012. During the year 2016 part of these shares were sold.

- Statutory reserve

The amounts accumulated in this account were transferred from the annual net income before tax at 10% rate for previous years according to the Jordan Company's law. This reserve cannot be distributed to shareholders. The Board of Director's approval and recommendation was granted on January 29, 2018 to write off part of the accumulated losses amount of JD 27 million through the use of the Company's statutory reserve. The Company's General Assembly approved the decision in their extraordinary meeting held on June 30, 2018 and accordingly the Company wrote off part of the accumulated losses using the full amount of the statutory reserve of JD 27 Million to reach zero balance as of June 30, 2018.

- Voluntary reserve

The amounts accumulated in this account were transferred from the annual net income before taxes at a maximum rate of 20% for previous years. This reserve will be used for the purposes approved by the Company's board of directors. The General Assembly of the shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends. The Board of Director's approval and recommendation was granted in their meeting held on July 13, 2017 to write off part of the accumulated losses amount of JD 12,399,640 through the use of the Company's voluntary reserve. The Company's General Assembly approved the decision in their extraordinary meeting held on September 19, 2017.

11. Segmental Classification

This item consists of the following:

	Cement	Concrete	Total
For the Six-Month Period Ended June 30, 2018	JD	JD	JD
Revenues:			
Sales	10,629,014	20,193,886	30,822,900
Operational Results:			
Operational (loss) profit	(15,406,270)	949,662	(14,456,608)
(Loss) profit before income tax	(22,169,184)	904,328	(21,264,856)
Income tax expense	-	(314,486)	(314,486)
(Loss) Profit for the Period	<u>(22,169,184)</u>	<u>589,842</u>	<u>(21,579,342)</u>
Other Segmental Information:			
Capital expenditures	277,975	56,139	334,114
Depreciation	2,665,278	216,900	2,882,178
	Cement	Concrete	Total
For the Six-Month Period Ended June 30, 2017	JD	JD	JD
Revenues:			
Sales	18,678,370	20,036,097	38,714,467
Operational Results:			
Operational profit	(4,204,334)	6,819,438	(2,615,104)
(Loss) profit before income tax	(8,992,846)	1,485,212	(7,507,634)
Income tax expense	-	(402,582)	(402,582)
(Loss) Profit for the Period	<u>(8,992,846)</u>	<u>1,082,630</u>	<u>(7,910,216)</u>
Other Segmental Information:			
Capital expenditures	245,902	169,976	415,878
Depreciation	3,365,061	219,493	3,584,554
	Cement	Concrete	Total
Balances as of June 30, 2018	JD	JD	JD
Assets and Liabilities:			
Segment assets	137,217,563	30,458,607	167,676,170
Segment liabilities	131,946,673	15,123,090	147,069,763
Balances as of December 31, 2017			
Assets and Liabilities:			
Segment assets	150,693,956	33,671,885	184,365,841
Segment liabilities	126,925,995	13,526,654	140,452,649

12. Commitments and Contingent Liabilities

This item consists of the following:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
Letters of credit	799,183	522,975
Letters of guarantee	4,265,051	4,291,851
Bills of collection	1,438,462	6,099,526
	<u>6,502,696</u>	<u>10,914,352</u>

- The future contractual commitments were as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Purchase of property and equipment	284,464	284,464
Purchase of raw materials	8,620,000	497,150
Other purchases	14,840,000	14,840,000
Operating lease contracts	5,661,295	4,467,368

13. Lawsuits

There are lawsuits held against the Company and its subsidiaries at an amount of JD 35,703,504 represented in legal lawsuits relating to the Company's operations, and in the opinion of the Company's management and its legal counsel, the lawsuits provision booked at an amount of JD 5 million is sufficient to meet any commitments related to the lawsuits and claims.

14. Related Parties Balances and Transactions

- a- The related party transactions during the period were as follows:

Condensed consolidated interim statement of financial position items:

	Related Parties		Total	
	Sister Companies	Sister Companies	2018	2017
	JD	JD	JD	JD
Accounts receivable*	171,918	-	171,918	70,253
Accounts payable*	3,316,731	8,938,004	12,254,735	15,390,816

Condensed consolidated interim statement of income items:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
Expenses	745,436	1,172,453

- * The receivables and payables mentioned above do not bear any interest and have no defined repayment schedule.

- b- The salaries, bonuses and other benefits of the executive management amounted to JD 762,508 for the six-month period ended June 30, 2018 (JD 777,357 for the six-month period June 30, 2017).

15. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its obligations.

The Company suffers from a deficit in its working capital as of June 30, 2018 and as of December 31, 2017 as follows:

	June 30, 2018	December 31, 2017
	JD	JD
Current assets	66,273,487	78,611,024
<u>Less: Current liabilities</u>	<u>(100,697,048)</u>	<u>(100,907,649)</u>
(Deficit) in Working Capital	<u>(34,423,561)</u>	<u>(22,296,625)</u>

The Company manages liquidity risk continuously through managing its cash flows and through the financing from banks, noting that an amount of JD 12.3 Million of the current liabilities is due to related parties as at June 30, 2018 (JD 16.6 Million as at December 31, 2017). Management plan is illustrated in Note (17) below.

16. Loss per Share for the Period

Loss per share is calculated by dividing the net loss for the period over the weighted average common stock and it is calculated as follows:

	For the Six-Month Period Ended June 30,	
	2018	2017
	JD	JD
(Loss) for the period attributable to the company's shareholders	(21,868,365)	(8,440,705)
	Share	Share
Weighted average common shares	60,444,460	60,444,460
	JD / Share	JD / Share
(Loss) per Share (Basic and Diluted)	(0.362)	(0.14)

17. The Company's Future Plan

The Company reported gross (loss) from its sales by around JD 9 million to reach a net loss of around JD 21.6 million for the three-month period ended June 30, 2018. In addition, the Company has accumulated losses including the current period's losses of around JD 45 million as of June 30, 2018, which represents 74.5% of the Company's paid up capital as of that date. Moreover, the Company suffers from a deficit in its working capital by around JD 34.4 million (JD 22.3 million for the year 2017). Moreover, there is unused property and equipment in the production of around JD 25.6 Million in the Fuhais factory, and deferred tax assets of around JD 22.2 Million.

The Company's future plan to address its financial position is as follows:

- 1- The General Assembly's approval was granted during their extraordinary meeting held on April 18, 2017 for the sale of the Fuhais Land and following up on obtaining proper approvals for its rezoning.
- 2- Opening new markets for exporting cement, which guarantees a higher utilization of the production lines and a higher profitability.

- 3- Reducing variable and fixed production costs through streamlining expenditures and through following up on the execution of the solar energy electrical production plant project in Al Rashadiyeh prior to yearend, in addition to increasing the use of alternative energy sources.
- 4- Following up on the labor cost file and obtaining the appropriate approvals.
- 5- Continuity of selling the unutilized assets including land, real-estate and property and equipment which was initiated at the beginning of the year 2016 upon receiving the board of directors' approval.
- 6- Following up on the environmental lawsuits to receive a positive decision from the Cassation Court in light of the discontinuance of the plant and time obsolescence.
- 7- The Board of Directors of the Company has approved in their meeting held on July 24 the following action plan:
 - To obtain medium-term debt financing loans from banks in the amount of JD 40 million, and / or obtaining medium-term loans from the Company's major shareholder i.e. owners of more than 5% from the Company's shares, such loans will be subject to the normal interest rates in the market.
 - Recommended an extraordinary General Assembly of shareholders meeting to write off the accumulated losses balance as of June 30, 2018 and / or increase the Company's capital by around JD 40 million in case the accumulated losses reached 75% of the paid up capital.

18. International Financial Reporting Standard (9) Impact

The Company and its subsidiaries adopted International Financial Reporting Standard (9) to measure the impairment value effective as of January 1, 2018, the impact on the condensed consolidated interim financial statements based on the management's estimates:

January 1, 2018	Balance before Adjustment	Implementation impact	Adjusted Balance
	JD	JD	JD
<u>Owner's Equity</u>			
Non-Controlling interest	6,303,108	(204,772)	6,098,336
Accumulated losses	(49,773,188)	(396,462)	50,169,650
<u>Assets</u>			
Net accounts receivable	23,494,634	(601,234)	22,893,400

19. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are presented at fair value at the end of each financial period. The following table provides information about the methods used to determine the fair value of the financial assets and financial liabilities (Valuation Methods and Inputs Used):

Financial Assets / Liabilities	Fair Value		Fair Value Level	Evaluation Method and Inputs Used	Significant Intangible Inputs	Relation between Significant Intangible Inputs and Fair Value
	June 30, 2018	December 31, 2017				
	JD	JD				
Financial assets at fair value through comprehensive income:						
Shares with available market prices	177,486	176,695	First Level	Listed prices in financial markets	N/A	N/A
Total Financial Assets at Fair Value	177,486	176,695				

There are no transfers between the first and second level during the period ended June 30, 2018 and for the year ended December 31, 2017.